



CITY OF ELGIN

1998 - 1999

BUDGET DOCUMENT

**PRESENTED TO BUDGET COMMITTEE
MAY 5, 1998**

BUDGET MESSAGE 1998/1999

The 1998/99 budget for the City of Elgin is herewith presented. The departments have presented requests that are primarily at last year's expenditure levels. Exceptions are the request to purchase a new police car 2 years in advance of the reserve savings schedule, and new computer equipment for the administration office and the library.

The amount of General Fund tax receipts estimated to be collected in this budget year is about \$203,000. The total General Fund property taxes that can be imposed from now on, is unknown. The maximum tax that the Budget committee can impose is determined by multiplying the City's "permanent rate" (0.0069493) by the total "assessed value" of taxable property within the City. However, the budgeting cycle will be over before the "assessed values" are available.

In this budget, I have proposed taxes at a level that represents the "permanent rate" times last year's "assessed value". Measure 47 limits the increase of "assessed value" to 3% per year. In addition to the General Fund property taxes, this budget includes a requirement for \$33,850 in property taxes to cover water bond payments. The budget committee has authority to allocate any mix of property taxes and water user fees to pay the water debt service. The water rates could be increased or the transfer to reserve could be reduced to make up the payment for bonds, reducing the property taxes needed to pay for the bonds.

The proposed budget includes payroll increases of 3% for hourly employees. No increase is shown for department heads; Administration, Police and Public Works. A merit increase is proposed for the public works laborer. Due to the heavy paper workload required by the State, it is proposed to pay the ambulance EMT director a minimum salary to compensate for the time requirements of this position.

Water and sewer rates are not proposed to increase. The rates are marginally adequate to cover operations, a contribution to the reserve funds and debt service. Increases may be required in the not too distant future however, to maintain a contribution to the reserve funds and, for water, to increase the contribution to debt service.

The budget proposes using State Revenue Sharing funds to continue the ordinance enforcement officer and to provide substantial transfers to the emergency response vehicle reserve fund (a new fund to accumulate funds for replacement of the ambulance and fire trucks), and for the public safety building reserve.

The proposed General Fund budget has \$21,000 allocated for transfers to other funds. These are \$5,000 for the emergency services building reserve fund, \$14,000 to the vehicle reserve fund for a car purchase this year, and \$2,000 as matching funds for the Hunaha Park project.

The budget contains a larger than necessary contingency/carry-over, due to uncertainty with past and future assessed values. Over the past several years, the amount of property taxes available has been consistently underestimated due to the rapid increase in property values in the "Measure 5 Age". Because there is an uncertainty in the amount of property taxes that will be available in the future, a large contingency/unappropriated ending balance can provide a cushion for the coming budget years.

It should be noted that current law allows assessed values to decline at any rate, but they can recover at only 3% per year. The graph on the following page shows the history of property values since 1985. It can be seen that the values went from about \$26 million in 1985 to about \$17 million in 1991, a decrease of 35%. Under today's law, if this were to occur, it would reduce the available property taxes by over \$70,000/year.

We do not anticipate having any new streets ready for "chip-sealing" this year, as we have in the past several years. We will do a considerable amount of re-sealing of existing "chip-sealed" streets. However, we have been able to acquire crushed rock in the area and will be upgrading streets for "chip-sealing" next year.

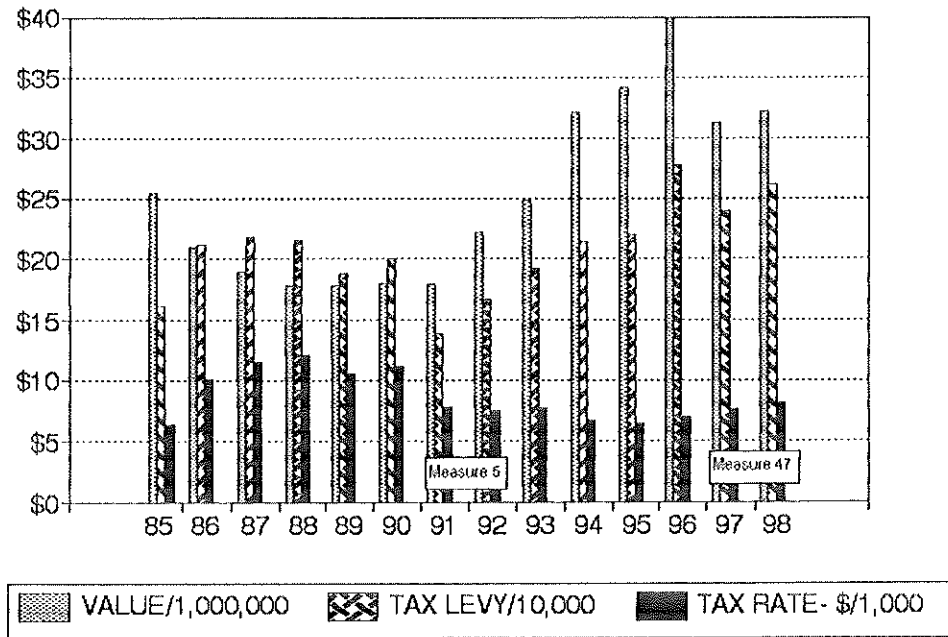
The City was awarded a grant of \$25,000 to overlay and widen Cedar Street from 8th east to 5th. The City was fortunate to have this project included in ODOT's Highway 82 overlay project. The City's grant will be applied to the cost of our portion of the project by ODOT. The cost beyond \$25,000 will be billed to the City. This arrangement will save the City a considerable amount of cost and effort in bidding and construction specifications as well as getting a low cost construction bid.

The City has been awarded a Regional Strategies grant of \$25,000 to begin construction of the Hunaha RV park. Grant funds were received last year to provide the engineering design for the project. It is hoped to get the Oregon Army National Guard to assist in the construction of the project.

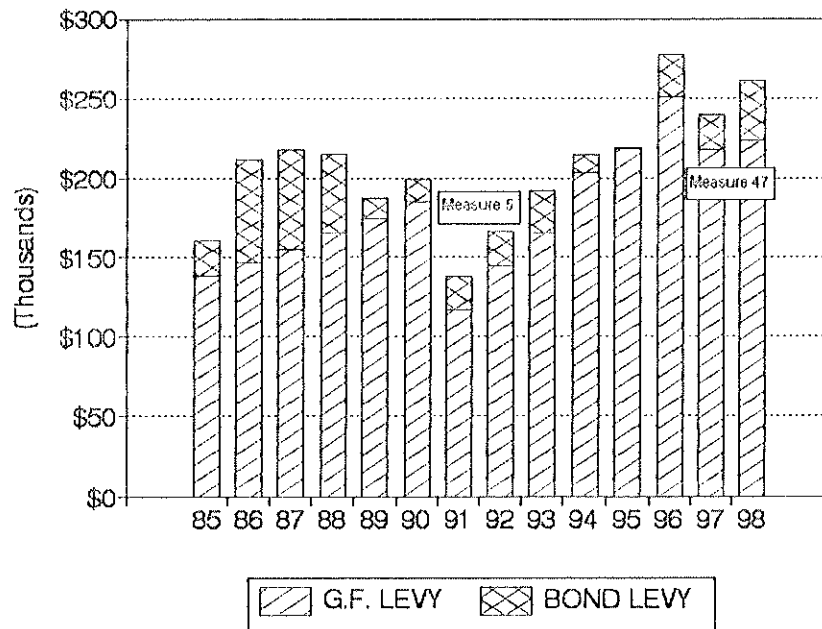
Respectfully submitted to the City of Elgin Budget Committee for review,
May 5, 1998;

Joe Garlitz, Budget Officer.

RELATIVE TAXATION DATA



TAX LEVIES by YEAR



GENERAL FUND